

NATIONAL HOUSING ACT AMENDMENTS OF 1942

MAY 1 (legislative day, APRIL 30), 1942.—Ordered to be printed

Mr. RADCLIFFE, from the Committee on Banking and Currency,
submitted the following

REPORT

[To accompany H. R. 6927]

The Committee on Banking and Currency, to whom was referred the bill (H. R. 6927) to amend the National Housing Act, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

STATEMENT

The general purpose of the bill as reported by the committee is to continue and extend the housing program for war workers through the medium of the mortgage insurance provisions of title VI of the National Housing Act, and the passage of the bill is essential in order to expedite the war effort.

The amendments recommended by the committee do not change materially the substantive provisions of the bill as it passed the House, and the summary which follows, taken from House Report No. 2039, indicates the general objective of each section of the bill. In certain respects the language of the House bill has been clarified, and the committee has included provisions authorizing the Administrator to prescribe the necessary procedures to secure to war workers occupancy priority with respect to (1) properties not previously occupied which are covered by mortgages insured under title VI, and (2) the additional living accommodations provided for under title I, of the National Housing Act.

SUMMARY OF PROVISIONS

Section 1 of the bill (1) increases by \$500,000,000 the aggregate of the principal amounts of mortgages which may be insured under the provisions of title VI of the National Housing Act; (2) extends to July 1, 1943, the period within which the Administrator is authorized to insure mortgages under that title, except that such authority is to terminate in any event at the end of the present emergency if the emergency ends before July 1, 1943.

Section 2 increases from \$4,000 to \$5,400 the principal obligation of any mortgage which may be insured covering a single family residence; from \$6,000 to \$7,500 the principal obligation of any mortgage covering a two-family residence; from \$8,000 to \$9,500 that covering a three-family residence; and from \$10,500 to \$12,000 that covering a four-family residence.

Section 3 of the bill extends the permissible maturity of any insured mortgage from 20 to 25 years.

Section 4 of the bill provides that no mortgage shall be accepted for insurance unless the Administrator finds that the project in question is an acceptable risk in view of the national emergency. The present law contains a slightly different standard in that it requires that the project be economically sound. This present standard has caused confusion in connection with the same standard under title II of the National Housing Act which operates independently of the national emergency.

Section 5 and section 6 make technical amendments to section 604 of the National Housing Act so as to fit that section in with a new section 608, added by section 11 of the bill.

Section 7 provides that the debentures which are hereafter issued to mortgagees in exchange for property covered by insured mortgages under title VI shall mature within 10 years after their dates, in lieu of the 3 years after the 1st day of July following the maturity date of the mortgage, as provided in existing law.

Sections 8 and 9 make technical amendments of the same character as those made by sections 5 and 6 of the bill.

Section 10 of the bill extends the labor standards provisions of section 212 of the act to projects provided for in the new section 608 added by section 11 of the bill.

Section 11 of the bill adds a new section to title VI of the National Housing Act so as to authorize the insurance of mortgages on a 90-percent-of-value basis, covering larger rental projects designed primarily for war workers. This new section, except for the 90-percent-of-value limit and certain provisions providing for greater flexibility in the manner of controlling rents and leasing any other practices, contains, as applied to war rental housing, virtually the same provisions as are contained in section 207 of the present law which operates independently of the emergency.

Section 12 of the bill provides that nothing in the bill is to be construed to be inconsistent with or to supersede the Executive order consolidating the various war housing agencies.

Section 13 amends section 2 (b) of the National Housing Act so as to authorize insurance under title I to financial institutions with respect to obligations not in excess of \$5,000 and maturing in not more than 7 years, if the obligation is incurred to finance the alteration, repair, or conversion of an existing structure in a locality in which the President finds an existing or threatened acute housing shortage which would impede war activities and if the obligation is incurred to provide additional living accommodations for war workers.

Section 14 of the bill places title VI on a war basis instead of a defense basis by striking out the word "defense" wherever appearing therein and inserting "war."

Section 15 provides that the bill may be cited as the National Housing Act Amendments of 1942.